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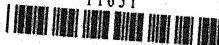
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**A Perspective on Economic Development and Financial Management
in British India (1828-35)**

SHAILENDRA K. BAJPAI

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A PERSPECTIVE ON ECONOMIC DEVELOPMENT AND
FINANCIAL MANAGEMENT IN BRITISH INDIA
(1828-35)

SHAILENDRA K. BAJPAI

The economic condition of the people presented a sorry spectacle with ever-increasing vagaries of exploitation by the East India Company. During 1820s the control on finances had gone absolutely haywire as sequel to the First Burmese War (1824-26). Moreover, the commercial-military-despotic rule of the Company ignored the economic development of British India and devised subtle ways to further its own pecuniary gains. The present paper attempts to investigate the leitmotiv of the development-strategy and the financial manoeuvrings by the Governor-General in India.

Infrastructure for Development

The Governor General, Lord William Bentinck, was determined to bring about total development in the country for better economy. Obviously, the development of infrastructure comprised of nothing other than building and repair of roads bridges and steamer services. All these things would benefit the people in future.

India had made little progress through 'monopoly and ignorance'. There was a 'great moral obligation' to redeem the indifference of the past, and to render the British conne-

ction a real blessing. The gap between Indian poverty and a Western prosperity was speedily widening those days, therefore, it became imperative, to strike a balance by bridging the gap through deliberate investment. The drain of wealth from India was certainly disastrous in the early 1830s, when there flowed actual bullion exports to England.¹ In 1830-31, when the future of the Charter Act of 1833 was still hung in balance, the Governor-General himself insisted to remitting to Britain about £ 1 million, so that the Court of Directors could meet the Home Charges.² Against the background of such an economic crisis, Lord William Bentinck initiated many plans for the development of India. Building of roads, canals, bridges and steam navigation, all amounted to a huge expenditure. But, it was hoped that ultimately all these would benefit the people of India.

Public works were administered and executed either by the Military Board or by the ad hoc committees. The officers were not necessarily qualified. The Governor-General took lead and did his level best to reorganise the Military Board. He appointed "Scientific Officers" as many as available and enhanced the efficiency of the Board. But, still he wished the Court of Directors to depute 'a very good civil engineer' from England to take charge as executive officer. At the same time,

¹ K.N. Chaudhuri, 'India's International Economy in the Nineteenth Century : An Historical Survey', Modern Asian Studies, II, 1968, No.1, pp.31-50.

² Amales Tripathi, Trade and Finance in the Bengal Presidency (1793-1833), p.236.

he asked that schemes for the drainage of Calcutta should be placed before his old associates, Telford and the younger Rennie.³

It appears that the works were done by the Army Officers and hardly anything was done to supply the professional expertise Bentinck required.

Meeting with the high cost of the works was a great problem. The Government was sending out orders after orders communicating its officials to save money. At the same time it wanted to find the avenues for new public works also. The situation became ticklish and difficult to handle. The Governor-General, himself declared that it was not sufficient 'to ask whether it will be desirable to maintain this or that thing' the government had to run according to its resources. Eventually, the Court of Directors sent orders to the Bengal Government not to undertake public works costing more than Rs. 10000 without its sanction.⁴ Although the country needed reasonably good net of roads and bridges but the greatest stumbling block was the scarcity of funds. Under such a set of circumstances, even liberal-minded Metcalfe and Ravenshaw doubted whether the country could provide enough traffic to justify new roads.⁵ Indeed, the task lying ahead was herculean.

³ Bentinck to Loch, dated August 12, 1828, BP/PwJf/1202, Microfilm Roll No.8; Loch to Bentinck, dated April 20, 1829, BP/PwJf/1203, Microfilm Roll No.8; Bentinck's Minute (Revenue Department) dated February 2, 1830, BP/PwJf/2594/X/i, Microfilm Roll No.20; Bentinck to R. Campbell (Pvt.), dated May 7, 1831, BP/PwJf/2903, Microfilm Roll No.74, National Archives of India, New Delhi, henceforth N.A.I.

⁴ D. Dewar, A Handbook to the English Pre-Mutiny Records in the United Provinces (Allahabad, 1919), p.326.

⁵ Ravenshaw to Bentinck, dated 10/27 December, 1831, BP/PwJf/1924, Microfilm Roll No.14, N.A.I.

The Governor-General solved the formidable problem in the best way he could, in number of ways. Through a lottery paid for the repair and watering of Calcutta roads; he suggested to increase the fund by permitting the pasturage on the plain and open ground (Maidan).⁶ In order to pay for a pantoon bridge over the Yamuna at Agra, he sold off some quantity of marble lumber from Agra Fort. The cost of this bridge was estimated about a lakh of rupees. It was at his behest that the 'Great Gun of Agra' was melted down. This action of Bentinck gave rise to a persistent rumour that he had wished to sell off the Taj Mahal.⁷ In the permanently settled areas, where the amount of land-revenue could not be enhanced, he thought that Zamindars and merchants might have 'sufficient perception of their true interests' to contribute 'spontaneously' to the building of roads. Eventually, he got an idea, already successful in one district, and had 1% of the revenue increased for road making in the Western Provinces.⁸

A report of the survey about the existing roadways between Burdwan and Bihar confirmed that the route was practicable during a part of the year for wheeled carts. A great part of the

⁶ Bentinck's Minute (General Department) dated June 22, 1829, BP/PwJf/2902, Microfilm Roll No.74, N.A.I.

⁷ 'Monfussil Akbar' quoted in Calcutta Courier, dated December 1832.

⁸ Bentinck's Minute, dated July 27, 1829, BO/PwJf/2199, Microfilm Roll No.15. Correspondence from Sir S. Whittingham and R.A.C. Hamilton, BP/PwJf/2672, 2902, Microfilm Roll Nos. 30 and 74, N.A.I.

area was covered with the forest. A direct road, uninterrupted by any river, could be built without usual impediments.⁹ The Governor-General in his Minute on road improvement, stated that the road would shorten the distance between Burdwan and Patna by 80 miles vis-a-vis the then existing route via Hazaribagh and Sherghati.¹⁰ He marvelled at its political and commercial significants which would facilitate the communication between Bengal and Bihar. He took the services of Captains Vetch, Sage and Jones for detailed inspection of the task. These officers were required to state the extent to which the roadway could be gradually improved by the labour of the convicts of the neighbouring districts.¹¹ The job was to be done in phases. At first the labour on the road would be limited to cutting away the forest. Then to increasing the banks of nala and lastly, to levelling and raising the soil. However, he hoped the road to be tolerably built within two or three seasons.¹²

The kind of projects, he was very much interested in, were the drainage of Calcutta and the Grand Trunk Road from Calcutta to Delhi. He wanted to drain the salt lake to the east of Calcutta, so that the ground could be used for cash crops.¹³

⁹ Bentinck's Munute, dated August 30, 1830, C.H. Philips, The correspondence of Lord William Cavendish Bentinck, henceforth, The Correspondence, Vol.I, Letter No.236, p.498.

¹⁰ Ibid., p. 499.

¹¹ Ibid.

¹² Ibid.

¹³ Minute (Revenue Department), dated February 2, 1830, other documents on Salt Lake, BP/PwJf/2903, Microfilm Roll No.74, NAI.

Lord Bentinck was not satisfied from the very beginning, inspite of all the laudable endeavours to improve the transport communication system. He earnestly hoped for further development and the improvement of the economic conditions of the country.

The following were the main works of road repairs and construction :

Constructions

- a. Construction of the road from Kedgeree to Kookerhutty.¹⁴
- b. Construction of the roadway via Hughli and Bankura.¹⁵
- c. Construction of a road at Hardwar.¹⁶

Repairs

- a. The road from Karnal to Ludhiana was repaired.¹⁷
- b. The road between Hughali and Burdwan was also repaired.¹⁸
- c. Construction of a road in Mirzapur and Rewa division.¹⁹
- d. A road in Sagar and Narbada Territories.²⁰
- e. A road at Howarah.²¹
- f. A road between Jabalpur and Mirzapur.²²

¹⁴ Home Public Proceedings, dated January 17, 1828, No. 38; April 3, 1832, Nos. 8-10, N.A.I.

¹⁵ Governor-General's Minute, Home Public Proceedings, dated September 1, 1828, Nos. 3-4, N.A.I.

¹⁶ Land Revenue Records, Proceedings, dated March 1831, Nos. 113-117; September 1831, Nos. 53-56 (Misc. Rev. Body Sheet of September 27, 1831), N.A.I.

¹⁷ Foreign Political Proceedings, dated March 3, 1828, No. 9, P.C.NAI

¹⁸ Home Public Proceedings, dated January 29, 1830, No. 12, N.A.I.

¹⁹ Land Revenue Records Proceedings, dated September 1831, No. 536, (Misc. Rev. Body sheet of July 12, 19 and 26, 1831), N.A.I.

²⁰ Land Revenue Records Proceedings, dated May 1831, No. 31; (Misc. Rev. Body Sheet of February 1, 8, 15 and 22, 1831); June 1831, Nos. 66-67, (Misc. Rev. Body sheet of April 19, 1831), N.A.I.

²¹ Land Revenue Records Proceedings, dated December 12, 1831, No. 91, N.A.I.

²² Land Revenue Records Proceedings (no date) January 1833, Nos. 11-15 and 17-18, N.A.I.

Bridges

The construction of bridges was another work in the direction of development. The bridges ran over the ditches, streams and rivers; and linked the roads. Some of the notable bridges as mentioned below, were built during the period :

- a. A bridge over Ajipur and Pajali nala (Bengal).²³
- b. A bridge on the Doab Canal and Jagannath road.²⁴
- c. A bridge over Nuniagarh nala in Balasore.²⁵
- d. A bridge was built in Mirzapur and Rewa division.²⁶
- e. A bridge was constructed on the road in Jabalpur.²⁷
- f. Works at Dola and Barot bridges in Doab Canal project.²⁸
- g. Military Board's bill for an aquiduct and small bridge on the Doab Canal amounting to Rs. 2079,72.2 was sanctioned.²⁹
- h. A bridge was constructed on the new road to Kanpur.³⁰

²³ Land Revenue Records, dated May 1831, No. 41; Misc. Revenue Body-Sheet of March, 1831, N.A.I.

²⁴ Land Revenue Records, dated August 1831, Nos. 3-4; Misc. Revenue Body-Sheet, May 24, 31, 1831, N.A.I.

²⁵ Land Revenue Records, dated August 1831, Nos. 3-4; December 1831, No. 91, N.A.I.

²⁶ Land Revenue Records, dated September 1831, Nos. 53-56; Misc. Revenue Body-Sheet, July 12, 19 and 26, 1831, N.A.I.

²⁷ Misc. Revenue Proceedings, dated March 5, 1835, No. 12, N.A.I.

²⁸ Misc. Revenue Proceedings, dated February 19, 1835, No. 5, N.A.I.

²⁹ Misc. Revenue Proceedings, dated March 17, 1835, No. 4, N.A.I.

³⁰ Judicial Criminal Proceedings, dated December 19, 1834, No. 1, N.A.I.

- i. For additional bridges and drains on the road from Allahabad to Delhi, the amount of Rs.4330,13.0 was sanctioned.³¹
- j. Military Board's estimate for bridges and dams at Bareilly was sanctioned to the extent of Rs.737,12.8.³²
- k. Military Board's estimate for cross drains and bridges on Allahabad to Delhi road was sanctioned to the extent of Rs.4927,13.101.³³
- l. Bridges on the high-way road between Kanpur and Farrukhabad³⁴ and over the rivers Non and Pandu were also built.

Canals

A good number of canals were constructed in order to save the regions from floods and to use the water for irrigation. Lord Bentinck started these projects for the welfare of the people. He met the expenditures after finding out a variety of expedients.

The land in the Bengal Presidency was low at some part and flat surfaced at the other. It was liable to inundation both from the upland and tidal waters. Formation of sand banks posed difficulties for drainage.³⁵ Elaborating the details of topology of Bengal, Bentinck recorded in his minute on canal con-

³¹ Judicial Criminal Proceedings, dated December 31, 1834, No.14, N.A.I.

³² Judicial Criminal Proceedings, dated January 7, 1835, Nos.7 and 18, N.A.I.

³³ Judicial Criminal Proceedings, dated January 15, 1835, No.1, N.A.I.

³⁴ Judicial Criminal Proceedings, dated July 11, 1835, No.9, N.A.I.

³⁵ Bentinck's Minute, dated February 2, 1830, C.H. Philips, The Correspondence, Vol. I, Letter No.178, p.388, para 1.

struction, that "The immense Ganges fed by its many tributary streams and all taking their rise in the highest mountains of the world, varying in depth from 40 feet in the rains, to less than 3 feet, in some places, in the dry wheather, running, a course of above 1,000 miles has been hitherto quite uncontrollable by the art or science of man".³⁶ Such a condition of the river was, of obviously inconducive to the navigation purpose.

In the same minute he made reference to the canal which was to connect the Salt water lakes with the Hughli. Major Schalch and Captain Prinsep were mainly responsible for this great work of development in the commercial interest of Calcutta. As the city was the principal centre of trade and commerce in the British Indian territories, the canal project might prove a 'source of prosperity' to the entire people and to the revenues of the government.³⁷

Lord William Bentinck proposed that the canal could be dug over the dry land and the sides be raised to a certain height. This would not require the building of lock gates at the mouth of canal, and remove the possibility of depositing the silt.³⁸ Improvement of Tolly's nala was the only communication from the Hughly to Calcutta with Sunderbans.

³⁶ Ibid.

³⁷ Ibid., p.389, para 2.

³⁸ Ibid., p.390, para 10.

According to Prinsep's estimate the cost of the new circular canal amounted to about ten thousand rupees per mile. The distance to be cut was eight miles entailing the expenditure of Rs.80,000 and the necessary drains through the banks would cost Rs.20,000.³⁹ The Salt water lake had been disposed of, in perpetuity, for a rent of above 4000 rupees to the Government. The Zamindars earned the profit from fisheries, reeds, and lands from which the waters would recede. This amounted to about 16,000 rupees. Therefore, Bentinck hoped the Zamindars to sell their property and the 'Sarkar' would get the similar rights.⁴⁰ The plan for the building of canal showed possibility of the incalculable benefit to explore the latent resources of the country for strengthening the economy.

The following were very important canal construction works undertaken during the period from 1828-1835:

- a. Excavation in upper Doab.⁴¹
- b. Survey of line from Rajmahal to Mirzapur on the Bhagirathi.⁴²
- c. Canals, west of Yamuna :
 (i) establishment for Haryana branch.⁴³
 (ii) works in Haryana and Rohtak branches.⁴⁴

³⁹ Ibid, p.391, para 16.

⁴⁰ Ibid, p.392, para 19.

⁴¹ Land Revenue Records Proceedings, dated July 1831, No.35; November 1831, Nos.19-20; December 1831, No.91; June 1832, No.30, N.A.I.

⁴² Land Revenue Records Proceedings, dated December 1831, Nos. 85-86; September 1832, Nos.75A-77; December 1832, No.42,N.A.I.

⁴³ Land Revenue Records Proceedings, dated May 1831, Nos.11-14, N.A.I.

⁴⁴ Land Revenue Records Proceedings, dated December 1831, Nos. 117-120, N.A.I.

- d. Circular Canal⁴⁵ in Calcutta, as an alternative course of communication.
- e. Doab Canals.⁴⁶
- f. Major Colvin's estimate for the clearance of salt from a portion of the Hariyana branch of canal amounting to Rs.1930.80 was sanctioned.⁴⁷
- g. Military Board's bill for irrigation drains on Doab Canal amounting for Sonat rupees 1607.7 was sanctioned.⁴⁸
- h. For improvement works of Delhi canals, the sum of Rs.10,454.3.11 was sanctioned.⁴⁹
- i. For cleaning out the silt from the bed of the canals West of Yamuna river, a sum of Rs.6,194.12.10 was sanctioned.⁵⁰

Steam Navigation

A new and important era of communication between the East and the West ushered in during the Governor-Generalship of Lord William Bentinck. For the first time, the powers of steam were applied to shorten the distance which divided Britain from British India.

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- 45 Land Revenue Records Proceedings, dated May 1831, Nos.54-55; May 1831, Nos.17-18; May 1831, No.39 (Misc. Revenue Body-Sheet, February 1, 8, 15, 22 of 1831); June 1831, No.42(Misc. Revenue Body Sheet and of June 11, 1831), N.A.I.
 - 46 Land Revenue Records Proceedings, dated August 1831, Nos.3-4 (Misc. Rev. Body Sheet May 24, 31 of 1831); September 1831, Nos.53-56 (Misc. Revenue Body Sheet,July 12, 19, 26 of 1831), N.A.I.
 - 47 Misc. Revenue Proceedings, dated January 23, 1835, No.15,N.A.I.
 - 48 Misc. Revenue Proceedings, dated March 17, 1835, No.5,The Resolution extract of the Financial Department Determined the Sonat rupee as the future currency in which salary of all persons would be paid in the proportion of Sonat Rs.104 for Sicca Rupees 100 (Misc. Rev. Proceedings, dated April 6, 1835, No.9), N.A.I.
 - 49 Misc. Revenue Proceedings, dated March 30, 1835, No.6,N.A.I.
 - 50 Misc. Revenue Proceedings, dated March 30, 1835, No.7,N.A.I.

The roads were hardly carriageable. Hence the transport and communication were all very slow, entailing a lot of difficulties and a long stretch of time. Lord William Bentinck first initiated the project of steam navigation over the river Ganges as far as Allahabad.⁵¹ The steamer took only 24 days to cover the journey while a sailing boat would have taken about three month's time. The beginning was very good and the project a success.⁵²

While inaugurating a new chapter in the history of communication in British India, Lord Bentinck had very significant aims in his mind. By shortening the number of days from 60 or 70 to 15 or 20 he would accelerate the commerce to a considerable degree.⁵³ Improvement of political and civil administration was also an obvious benefit-like a typical imperialist, he enthusiastically demanded approval to his venture by saying "And will not our political, military position be greatly strengthened by thus shortening the line of communication, and rendering unnecessary so large a military establishment, if one part could be quickly brought to the reinforcement of the other".⁵⁴

⁵¹ Bentinck to John Loch, dated August 12, 1828, C.H. Philips, The Correspondence, Vol. I, Letter No.30, pp.60-61.

⁵² Bentinck to Lord Melville, dated October 17, 1828, C.H. Philips, The Correspondence, Vol.I, Letter No.48, p.87.

⁵³ Bentinck to John Loch, dated August 12, 1828, C.H. Philips, The Correspondence, Vol. I, Letter No.30, p.61.

⁵⁴ Ibid.

Coupled with the strategic importance of steam navigation, Bentinck was also concerned with the savings of expenses.⁵⁵

Bentinck was all set to introducing steam navigation upon the rivers of India. Since there was absolute want of relevant information in respect of this country, a Marine Board was constituted for taking charge of this new task.⁵⁶ A good number of manageable vessels with powerful engines, scientific personnel and mechanical engineers were to be selected by the Court of Directors.⁵⁷ These personnels would plan the work and ensure the success. Bentinck proposed one Captain Johnstone, to leave for Britain to help the engineering of steam engines, keeping in view the conditions of river navigation in the Indian rivers.⁵⁸

The inauguration of steam navigation was very important for the mercantile class of the people in both the countries. Besides this, it would certainly increase the efficiency of that control which the home authorities have to exercise over the local governments.⁵⁹ Keeping this object in view, the Committee of Steam Navigation asked for financial help from the government to execute the scheme of communication via the Cape of Good Hope.⁶⁰ The cheaper and quicker conveyance of the passengers

⁵⁵ Ibid.

⁵⁶ Bentinck's Minute, dated June 21, 1830, C.H. Philips, The Correspondence, Vol. I, Letter No.213, p.459.

⁵⁷ Ibid., p.460.

⁵⁸ Ibid.

⁵⁹ Bentinck's Minute, dated August 16, 1830, C.H. Philips, The Correspondence, Vol.I, Letter No.235, p.496.

⁶⁰ Ibid.

and merchandise were the blessings of the steam navigation.⁶¹ The Governor-General recommended two routes by the Cape of Good Hope and the Red Sea.⁶² But during peace, he preferred the latter route to facilitate the despatch of merchandise at a cheaper rate.⁶³

There were three big sea-going steamers, in Bengal, viz. Enterprise, Ganges and Irravaddy. But they were inferior and slow. Bentinck proposed for their replacement either by new vessels from Britain, or by others built in India.⁶⁴ It is evident in his minutes, that Bentinck, was in a great hurry to introduce steam navigation in this country mainly 'as a material component part' of the defence force in the Bay of Bengal including Calcutta, Madras and Penang.⁶⁵

The steam navigation in the river Indus was also very significant from the point of view of military surveillance. However, the step was interpreted as to channel of commercial intercourse.⁶⁶ The Bombay Government's opinion and suggestions

61 Ibid., p.497

62 Ibid.

63 Ibid.

64 Bentinck's Minute, dated June 12, 1832, C.H. Philips, The Correspondence, Vol. II, Letter No.456, p.834.

65 Bentinck's Minute, dated June 8, 1833, C.H. Philips, The Correspondence, Vol. II, Letter No.599, p.1081.

66 Ibid.

were solicited regarding the description of the Indus steamer, whether the depth of Indus would allow the vessel to cross the sea from Bombay and how far the commerce would be improved, etc.⁶⁷

The period marked the beginning of serious interest in the ocean-borne steam navigation to India. Lord Bentinck, played a leading role in this venture. The Calcutta Courier remarked, "this all-monopolising subject scarcely spares us a moment to think about anything else. The whole press of India is blowing off steam".⁶⁸ Impressed by the rapid strides of the plan, Bentinck also remarked, 'steam has gained a signal triumph over sails,'⁶⁹ as a letter from Europe reached the South Indian hills via the Suez in three months only.

But there were scores of problems on the technical, theoretical and economic grounds in making the plan a thorough success. The steamers used to break down; the seas were uncharted. Then, there was tussle over the route, Calcutta merchants supported the Cape route while Bombay backed the nearer Suez route. Moreover, a voyage to London took four months at least. Hence all the Steam Committees in India got no opportunity to influence the affairs going on there.

⁶⁷ Ibid, p.1082.

⁶⁸ Calcutta Courier, dated July 18, 1833.

⁶⁹ Bentinck to Auber, dated May 12, 1834, BP/PwJf/233, Microfilm Roll No.1, N.A.I.

The theoretical problem was whether the steam navigation should be opened by the Government or the Private Entrepreneurs. In fact, this was an aspect of the economic problem. Mobilisation of capital and skill to establish the steamer service was the main question.

There were pressures to subsidise the experiments in the very start of the scheme. The main pressure groups were Parliamentary Committees and the Board of Control. They brought pressures on the Court of Directors. Likewise, there were counter-pressure also by the Court of Directors, to avoid subsidising those merchant groups that had gone ahead in attacking the remnants of its trading monopoly. Charles Tenant, the promoter of one mushroom company, who was a member of the National Colonisation Society, hoped that Indian profit could go on with the plan of European Settlement.⁷⁰

The Governor-General's point of view showed change at two different junctures. He had first contemplated that a steamer route to India could not succeed, "as a private speculation"; it would succeed "only.... under the immediate and direct management of the Government at home and in India : But, by 1830, he held that if the Suez route became "well established and ... regular large steamers will soon be provided by private speculation". Later on, in 1833, he still thought the Government could accomplish the task 'at a trifling cost compared with

⁷⁰ B. Semmel, Rise of Free-Trade Imperialism, Cambridge, 1970, p.108.

the advantages'. He understood that the Indian Government expenditure was inflated by the demands of 'European patronage and interests' so the private enterprise, could do it if it would be 'the better plan'.⁷¹

No matter what his doctrinal position actually was, it is certain that he wanted an efficient steam navigation to be established at the earliest. Although, he thought, that it should be run by the private enterprise; he was ready for all sorts of expedients.

It is worthwhile to recollect that in 1828, Lord Bentinck sent one of the Calcutta steamers on an experimental voyage to Allahabad. Then the series of voyages followed. It appears that his motive was imperial and 'national'. The Company had 'an empire of vast extent, with hardly a road that is carriageable to any extent, with a river, admirably circumstanced in point of direction, but hardly available as a communication from its rapidity in the wet and its shallowness in the dry season. He thought that mastery over the Ganges by steam would result in 'great national benefit (I mean Indian)'.⁷²

⁷¹ Bentinck's Minute, (General Department) dated August 16, 1830, BP/PwJf/2709/ii, Microfilm Roll No.35; Bentinck to Grant (Pvt.) dated October 21, 1833, BP/PwJf/2902, Microfilm Roll No.74, N.A.I.

⁷² Bentinck to Loch, dated August 12, 1828, BP/PwJf/135, Microfilm Roll No.1; Bentinck to Astell, dated October 17, 1828, BP/PwJf/1202, Microfilm Roll No.8, N.A.I.

From the various situations in the development policy of the steam service in India, two points can be concluded. Firstly, an all time steamer service must be 'comprehensive' as Bentinck hoped it to reach all parts of the country. Secondly, private capital in India could not complete the task. The job must be accomplished either by the Government or by 'the merchants of England interested in trade to China and India'.⁷³

Thus a kind of infrastructure for industrialisation was being built. But, the question is whether the launching of an expensive European technology (viz. steam-service) in the poverty-stricken 1830s was justified? It appears to be that the Ganges steam-service was used mainly to carry European passengers, Government revenue, bankers remittances, expensive goods and European managed export crops. Besides, it was also used as luxury by the Europeans for many years. Thus it can not be denied that the steam navigation was largely a matter of British rather than Indian investment.

1163)

The cost of building the Grand Trunk Road as estimated in the 1850s was £ 500 per mile exclusive of big bridges. The annual cost of maintaining that mile was £ 50 almost equal to the annual revenue paid by a village. Against this the road is said to have cut down the cost of transporting the goods by two-thirds.⁷⁴ The roads did not promote the growth from the

⁷³ H.L. Hoskins, British Routes to India, (New York, 1928), pp. 110-25.

⁷⁴ G.B. Tremenheere, 'On Public Works in the Bengal Presidency; Minutes of Proceedings of the Institution of Civil Engineers, XVII, 1857-58, pp. 501-504.

corresponding to their cost. An infrastructure suitable to the low-level economy should have been preferred instead.

Nevertheless, the efforts to improve cultivation and improving the means of irrigation deserve due praise. Lord Bentinck in his minute on irrigation laid great stress on finding 'efficacious means of irrigation'.⁷⁵ He noticed that the crops were dependent on the periodical rains which sometimes entirely failed. The continued drought reduced several cultivators to abandon all the hopes of cultivation for a spring crop.⁷⁶ His strong recommendation of major Colvin's proposal to the Court of Directors bespeaks his deep concern for agricultural improvements.

Currency and Financial Management

Successive attempts were made to improvise the currency system which like the tariff system was far from uniform. Yet, during the period under review much remained to be overhauled and the need for reform was widely felt.

The silver rupee was conspicuously in vogue and accepted as a standard coin in all the territories under the British rule. Apart from this, there were other coins⁷⁷ also, as enumerated below :

75 Bentinck's Minute, dated December 26, 1832, C.H. Philips, The Correspondence, Vol. II, Letter No. 542, p. 982.

76 Ibid.

77 V. S. Sunder Rajan, Economic History of India, p. 291.

- a. Sicca Rupee of Bengal.
- b. Surat Rupee of Bombay.
- c. Arcot Rupee of Madras.

All these kinds of coins varied in weight and finesse.

The Sicca Rupee weighed 179 2/3 grains and contained 175.9 grains of silver. The Surat Rupee weighed 179 grains and contained 7.97% alloy and the Arcot Rupee contained 166.5 grains of fine silver.⁷⁸ In 1829, the Bombay Rupee was equated with that of Madras by adoption of 180 grain rupee.⁷⁹ Bengal, Bombay and Madras each had a mint and their coined rupees were of the same standard weight as Farrukhbad rupees. The Farrukhbad rupee weighed 180.234 grains. Rupee was the highest silver denomination in currency.⁸⁰

The gold mohar of Bengal weighed 204.710 grains and contained 187.651 grains of fine gold. The Madras gold rupee was of the same weight and standard with silver i.e. 180 grains. The relative value of gold to silver was 15 to 1. The Bengal mohar was accepted equal to rupees 16 only.⁸¹ It is important

⁷⁸ Ibid.

⁷⁹ Ibid., p.292.

⁸⁰ R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p.137.

⁸¹ Ibid.

to mention that a copper coin weighing 100 grains was also in circulation in whole of Bengal Presidency.⁸² In some provinces, cowries or sea-shells were also in vogue.⁸³

Uniformity of currency in the British India was a long felt need. At the behest of Court of Directors' directives, many Commissioners of Revenue and Circuit in the Lower Provinces were required to ascertain in what coin the rents of the cultivators were usually paid and how far those people were coerced to extra demand on account of batta or discount.⁸⁴ The findings in this respect revealed that in most of the divisions a certain batta was taken on all rupees and in several places the rents of the cultivators were paid either in short weight rupees or in such kind of rupees which made the adjustment absolutely necessary.⁸⁵

Hence, it may be concluded that already the cultivators were generally subjected to a charge while paying their rents. The Governor-General proposed, therefore, the introduction of the Farrukhabad rupees. This new coin, in relation to the Sicca rupees and acceptable at the public treasuries equally with

⁸² Ibid.

⁸³ Ibid., p.138.

⁸⁴ Bentinck's Minute, dated November 10, 1829, C.H. Philips, The Correspondence, Vol. I, Letter No.158, p.345.

⁸⁵ According to the Commissioner for the division of Shahabad, Saran and Tirhut, 'rupees of different sorts are paid by the ryots in this division and batta is invariably taken when rupees is not full weight or sicca, that Calcutta rupees and Fatehgarh ruppes are also current. The latter more particularly in the Western parganas of Shahabad, that Calcutta rupees are not prevalent in Saran and are scarce in comparison with other coins in Tirhut'.

that rupee would not acceptable give rent to any new abuse.⁸⁶

As far as the distant districts of Bihar were concerned, the charge could also benefit the cultivators, the means of providing money required by the government would be certainly facilitated.⁸⁷ The reason being the prevalence of the same coin in the adjacent distinct of Benares. The same result might be speculated for Chittagong, as the Arcot rupee was prevalent there. The arrangement would also satisfy the local demand directly or indirectly from the Madras territories.⁸⁸

Lord William Bentinck opined that it would be extremely unreasonable to divide the districts of the same government by the difference in currency. The arbitrary line of demarcation might seriously check the growth of commercial activities. Actually, the lack of uniformity in currency imposed heavy burden on the trade with all the disadvantage of a direct tax but without any countervailing benefit to the public finances.⁸⁹ Obviously the pressure of this burden would certainly increase to some extent by the abolition of the local mints. Stressing the dire need for a change, the Governor-General illustrated that the bullion brought to Benares and the Farrukhabad rupee

⁸⁶ Ibid.

⁸⁷ Bentinck's Minute, dated November 10, 1829, C.H. Philips, The Correspondence, Vol. I, Letter No. 158, p.346.

⁸⁸ Ibid.

⁸⁹ Ibid.

(coined in the Calcutta mint) for remittance, had to pass for nearly 500 miles before they could be put to the purpose.⁹⁰

This can be hailed as an important step toward bringing uniformity in currency that the allowances of all civil servants were fixed in Sonat rupees by the resolution of February, 1829.⁹¹ No doubt there were some people in exception but the number was so small that no stress on that point was required.

A financial Regulation was enforced on May 13, 1833 by the Government of Bengal. This elaborated the weight and standard of the Calcutta Sicca rupees and Farrukhabad rupee. The weights and the sub-divisions were as under⁹²:

Coins	Weight (grains)	Fine (grains)	Alloy
Calcutta, S.R.	192	176	16
Calcutta, half S.R.	96	88	8
Calcutta quarter, S.R.	48	44	4
Farrukhabad Rupees	180	165	15

In order to improve and unify the currency, a resolution dated May 27, 1835 was brought in force by the Finance Department. It expressed the resolve of the Governor-General in-Council, '..... to establish one uniform rupee corresponding in value, weight and standard with the present Farrukhabad, Madras and Bombay rupees but of new device and to declare and

⁹⁰ Ibid.

⁹¹ Ibid., p. 348

⁹² R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p. 139.

make same currency in all the presidencies and possessions of the British Nation in India'.⁹³

Very soon another Act was passed on August 17, 1835 which came into force from September 1, 1835.⁹⁴ Now, the rupee coin which weighed 180 grains and contained 165 grains of pure silver was declared standard coin throughout British India.⁹⁵ According to the Section IX of this Act, 'No gold coins shall, henceforth, be a legal tender of payment in any of the territories of the East India Company'.⁹⁶ However, Section VII of the same Act authorised coining of gold mohars if required by the public.⁹⁷

A new copper coin was brought into currency by a legislative enactment December 22, 1835 at Fort William. This consisted of a pie,⁹⁸ weighing $33\frac{1}{2}$ grains troy. The enactment also proclaimed that, 'no copper coin shall be a legal tender in any part of the Company's territories except for the fractional part of a rupee'.⁹⁹

⁹³ Cited in V.S. Sunder Rajan, op. cit., p.292.

⁹⁴ V.S. Sunder Rajan, op. cit., p.292.

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ Ibid. (Mints were opened to the free coinage and silver. The face value of the rupee was equal to its intrinsic value)

⁹⁸ R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p.138.

⁹⁹ Cited in R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p.138. This pie weighing $33\frac{1}{2}$ grains troy nearly corresponded to one pie of the Madras currency which, weighed 100 grains troy, about $1\frac{1}{2}$ doodee, $\frac{1}{2}$ anna.

In Madras, a great number of coins were in circulation.

80 cash formed 1 fanam; 12 fanams = 1 rupees and 42 fanams = 1 pagoda.¹⁰⁰ The rupee at Bombay comprised of four quarters. Each quarter consisted of 100 reas; there were 2 reas in one urdee, 4 in a doogany or single pice, 6 reas in a pice and 16 annas in a rupee. Rupees five, formed a pauncha and there were 15 rupees in a gold mohar.¹⁰¹ The gold coin of Bombay contained 164.69 grains of pure metal and its sterling value was £ 1.9s.Od.¹⁰² Likewise, Madras rupee weighed 180 grains but contained only 165 grains of pure metal.

Uniformity in the system of taxation like the uniformity of currency in the British India during first half of the nineteenth century was a long felt need for which some laudable financial manoeuvrings were made by Lord William Bentinck. The land continued to be a major source of funds to the government. The items subject to indirect taxation were salt sale, customs, opium, post office, mint receipts, stamps, marine, etc. The gross revenues of the three Presidencies during fifteen years ending 1828-29, were as follows.¹⁰³

¹⁰⁰ Ibid., p.140.

¹⁰¹ Ibid., p.141.

¹⁰² See Appendix 1.

¹⁰³ R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p.113.

Bengal	...	196,121,983	1
Bombay	...	30,986,970	1
Madras	...	82,042,967	1
Total		309,151,920	1

The amount of revenue (total in sterling money) in British India for 1831-32 was £ 18,677,952. The charges during the same year amounted to £ 17,583,132.¹⁰⁴ Striking divergence existed in the financial and taxation procedures in the three presidencies. Although the revenues exacted from all the territories formed one fund; but the revenues of one presidency were often utilised in compensating the deficits in the other presidencies.

As a matter of fact, substantial surpluses were received in Bengal, while the other Presidencies and subordinate territories languished in deficit. For instance, during the period 1814-15 to 1828-29, the annual Bengal surplus averaged to £ 18,91,635 and Madras recorded annual deficit of £ 205,758. The Presidency of Bombay showed, still more, a deficiency of £ 1,081,595 on an average.¹⁰⁵ In spite of such a financial crisis, the enormous expenditures in various wars and conquests continued, until the period of peace, retrenchment and reform in British India was established.

¹⁰⁴ See, Appendix No. 2-A & 2-B.

¹⁰⁵ Banerjea, Provincial Finance in India, p. 10.

The existing financial system was neither uniform nor capable of securing stringency of control over the subversive factors. The Government had divided jurisdiction which stood as a great stumbling block in the proper use and the regulation of finances.

While ".... the Superintendence, Direction, and Control of the whole civil and military government of all the territories and revenues in India (was) vested in a Governor-General and Councillors styled the Governor-General of India in Council".¹⁰⁶ It has to be recalled that the Government of Bengal¹⁰⁷ in the past, was empowered not only of superintending and controlling the government and management of the Madras and Bombay Presidencies in the matter of commencing hostilities, or declaring or waging war against any Indian power, or for concluding any treaty of peace or other treaty with them but it also had the authority, by an enactment, of superintendence in all the matters of collection and application of revenues, or to the forces employed, or to the civil or military government of both the Presidencies.¹⁰⁸ Before 1833, the Presidencies of Bombay and Madras were not in any real sense subordinate to Bengal in their internal affairs. They were only required to send the true copies of all orders and resolutions and their acts in Council to the Government of Bengal regularly. Their due compliance to the orders of the Bengal Government must not be interpreted as any subordination in their domestic affairs.¹⁰⁹

¹⁰⁶ S. 39 of 3 and 4, William IV, C. 85.

¹⁰⁷ S. 9, 13 Geo, III, C. 63.

¹⁰⁸ S. 40, 33 Geo, III, C.52.

¹⁰⁹ S. 40, 33 Geo, III, C.52; S. 24, 33 Geo, III, C.52.

Therefore, a strong Central Government which could control the affairs of British India's finances was thought to be the only solution in the times of crisis. Consequently, a Central Government was formed by entrusting the legislative power exclusively in the Governor-General of India in Council, by the Act of 1833.¹¹⁰ According to the new constitution "..... the Executive Government of each of the several Presidencies (was to be) administered by (not vested in as heretofore) a Governor and three Councilors".¹¹¹

The Act of 1833 envisaged that the revenues and the government of different territories should be under the authority of the Governor-General-in-Council. Thus, the revenues

¹¹⁰ "The Governor-General-in-Council (at Fort William in Bengal shall have power to make laws and regulations for repealing, amending, or altering any laws or regulations whatever, now in force or hereafter to be in force in the said territories or any part thereof, and to make laws and regulations for all persons, whether British or native, foreigners or others, and for all Courts of Justice, whether established by His Majesty's Charters or otherwise and the jurisdictions thereof, and for all places and every part of the said territory, and for all servants of the said Company within the dominicus of princes and states in alliance with the said Company".

Section 43 of 3 and 4 William IV, C.85, an Act for effecting an arrangement with the East India Company and for the better government of His Majesty's Indian territories.

¹¹¹ Sec. 56 of 3 and 4 William IV, C.85. By Sec. 57 power was given to reduce the number of Councillors at the Presidencies or suspend them altogether, leaving the Executive Government at the Presidency to be carried on by a Governor alone. This power was exercised in 1833 by reducing the executive Councillors at Bombay and Madras from three to two respectively.

and the services became by law the revenues and the services of the Government of India. Subsequently the provinces became sheer the collecting and the spending agencies of the Government of India. They obviously stopped to impose any new taxes or to collect the old taxes in their own name. Likewise, the services they governed became a charge of the Government of India, which allocated sums from the consolidated fund for the upkeep of the services in the various provinces. It was proclaimed by law, that the provinces were not to spend the fund allowed to them in creating any new office or granting any salary or allowance, without the prior sanction of the Government of India.¹¹²

While the land-revenue system impeded the prosperity in agriculture, the customs stifled the manufactures. Both, the internal and the external customs proved equally harmful to the trade and industry in the British India. The internal customs¹¹³ consisting of transit and town duties drew away and distracted the trade.

¹¹² S. 59, 3 and 4 William IV, C.85.

¹¹³ Trevelyan, who probed into the system very closely, was stunned to observe its injurious consequences that he stated, "although we now have ocular demonstration of its existence, yet when it has once been abolished the world will find it difficult to believe that such a system could have been tolerated by us for the better part of a century", G.E. Trevelyan, System of Transit and Town Duties in the Bengal Presidency, p.6.

The ancient system of direct taxation continued and the major portion of the total revenue was derived from the land. This can be understood by the proportions of revenue levied on different sources¹¹⁴ in 1831-32.

The reduction of expenditures was a clarion call given by the Home Government. Hence, the general state of finances in all the British Indian territories was expected to be sound and productive.¹¹⁵ The tune of expenses in Madras was immediately brought down below the income, by reducing all the avoidable expenses. Even, thirty lakhs of bullion were sent to England. Saving of money and supply of coins and cloths went on at the same time.¹¹⁶ Peter Auber from India House, London, informed Bentinck that the total reductions were contemplated to the limit of 15,48,456 lakhs. An increase of revenue was also speculated to the extent of 20 lakhs from additional duties.¹¹⁷

Sir John Malcolm in his letter dated May 24, 1828, communicated about the measures to prevent financial extravagances. He affirmed his commitment to economy and imposed the stamp duty on suits below 100 rupees as the hour of necessity and expediency actually demanded.¹¹⁸ He observed that the exemption from

¹¹⁴ See, Appendix 3.

¹¹⁵ Lushington to Bentinck, dated May 14, 1828, C.H. Philips, The Correspondence, Vol. I, Letter No.15, p.31. (Stephen Rumbold Lushington (1776-1868) I.C.S. was Governor of Madras from October 1827 to October 1832).

¹¹⁶ Ibid.

¹¹⁷ Peter Auber to Bentinck, dated March 6, 1828, C.H. Philips, The Correspondence, Vol. I, Letter No.7, p.18.

¹¹⁸ Sir John Malcolm to Pattison dated May 24, 1828, C.H. Philips, The Correspondence, Vol. I, Letter No.16, p.33.

stamp duty resulted in a considerable loss of revenue.¹¹⁹

Earlier, this duty was stopped by Mr. Elphinstone. Malcolm pointed out that, had Elphinstone been there at that time he also would have agreed to levy the stamp duty in order to increase the income.¹²⁰ To handle the deteriorating state of finances was a very difficult task. However, all the Presidencies immediately effected the possible measures to achieve the economic balance. As the estimate of receipts and disbursement of 1828-1830 shows, Bengal and Madras yielded surplus revenue while Bombay incurred the deficit of Rupees 9,902,800.¹²¹ As usual, Bombay continued to be a embarrassing state finances. There was a deficit in land revenue of rupees 30 lakhs in 1830. Therefore, Bentinck suggested that the Bombay government should be made upon an inferior establishment or made a dependency of Bengal.¹²²

The collection of revenues mainly depended on the seasons. If there had been an unfavourable season all over the country, the result must be a deficit in the revenues in all the Presidencies. In 1833, Lord Clare from Bombay told Bentinck that the failure of the crops would affect the revenue. The deficit at Madras was estimated at 34 lakhs during the same year.¹²³

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Bentinck to Lord Ellenborough, dated October 1, 1829, C.H. Philips, The Correspondence, Vol. I, Letter No. 145, p.299, See Appendix 4.

¹²² Bentinck to Peter Auber, dated July 9, 1830, C.H. Philips, The Correspondence, Vol. 3, Letter No. 221, p.469.

¹²³ Bentinck to C. Marjoribanks, dated February 26, 1833, C.H. Philips, The Correspondence, Vol. II, Letter No.557, p.1011.

Ravenshaw observed, that the China trade paid on the stocks of the Company; that means they gave a remittance of a million sterling per annum from India at 3 per cent. It had helped solvency by paying off debt upto £ 5 million before the renewal of the Charter.¹²⁴ The yield of revenues to the government marked to the extent of £ 3 $\frac{1}{2}$ million.¹²⁵ In his opinion, it would not be a right step to destroy the China-trade structure at once. He preferred this to be done in degrees.¹²⁶ Therefore, he hoped to reserve the supply of tea for the home market to the Company, and throw the trade open in every other aspect.¹²⁷

Regarding the export and import of bullion,¹²⁸ Ravenshaw observed that there was excess of import into India for past many years. He feared the consequences of abandoning the China trade. "If the China trade should be abandoned by us - if this country does not lose it altogether as I much fear - it will aid the general remittance from India, but it will in a greater proportion, diminish your means of remittance as a government.

¹²⁴ Revenshaw to Bentinck, dated December 10, 1832, C.H. Philips, The Correspondence, Vol. II, Letter No. 530, p. 959.

¹²⁵ Ibid.

¹²⁶ Ibid., p. 960

¹²⁷ Ibid.

¹²⁸ See, Appendix 5.

We now get home a million a year in that way, at 3 per cent.

This with free trade will dwindle down to 2 per cent at last

..... 129

Ravenshaw apprised Bentinck, of the repercussions of losing the China trade. According to his speculations, there would certainly be a great difficulty in remitting enough to pay the Home charges.¹³⁰ Matters of trade and economy were so delicate that Ravenshaw had apprehension of taxing the people of England directly in order to support India or the Company might lose both India and China trade.¹³¹

Subsequently, some direct propositions were put before the Committee of Correspondence in England. One of the important issues was the withdrawal of the Company from all trade and consequently the opening with China.¹³² In his letter to Bentinck, Auber expressed his deepest anxiety about the House of Alexander & Co. There amount of rupees lakhs was already outstanding against this agency house.¹³³ Auber felt very much distressed in coping up with the crisis which crippled the mercantile community. Out of disgust he termed the whole system as 'rotten'.¹³⁴ He remarked, 'it is hardly possible to imagine

129 Ravenshaw to Bentinck, dated December 10, 1830, C.H. Philips, The Correspondence, Vol. II, Letter No.530, p.962.

130 Ravenshaw to Bentinck, dated December 10, 1832, C.H. Philips, The Correspondence, Vol. II, Letter No.530, p.962.

131 Ibid.

132 Peter Auber to Bentinck (Pvt. Confid.), dated January 12, 1833, C.H. Philips, The Correspondence, Vol. II, Letter No.547, p.993.

133 Ibid.

134 Ibid., p.994.

that any house can afford to give 8 per cent, when government limits are at 4 or 4 $\frac{1}{2}$.¹³⁵ As a matter of fact, the Company's interest was not sufficient for the savings of the Civil or Military servants, therefore, the agents allured them to invest their money. Finally, with the unfortunate crash of one agency house the meagre savings of the servicemen disappeared.

As far as the affairs of India stock could be looked into it has an unusually depressed price. The prices gradually declined as the Charter was approaching its termination.

The financial matters of the East India Company, Ravenshaw complained, were not well managed in Calcutta during the absence of the Governor-General. He pointed out that one of the loans was never reported to and he learnt of it incidentally.¹³⁶ This indeed, reflected the unsatisfactory way of handling the financial affairs at the seat of the Government. Therefore, he sent an alarm to Bentinck in respect of his converting the 5 per cent loans to 4 per cent loans.¹³⁷ The great reduction of the cash balances would ultimately lead the government into severe hardships. Ravenshaw was opposed to the idea of

135

Ibid.

136

Ravenshaw to Bentinck (Pvt.), dated April 11, 1833, C.H. Philips, The Correspondence, Vol. II, Letter No. 575, p. 1039.

137

Ibid., p. 1040.

the power given to the government agents to remit the funds of their constituents in private bills or bullion, because it would not only involve them but the government also, in the responsibilities.¹³⁸

The bank transactions were also in a great mess. There was more advance on private bills than the whole capital of the banks.¹³⁹ Revenshaw had never contemplated that Alexander's house could stand, after it was known that they could give the government a coal mine, some houses and indigo-works as security for the money lent to them.¹⁴⁰ To make the matters worse the house in London had refused to accept the bills of the Calcutta House, two months before its failure was known.¹⁴¹

It had been observed that the House in London was in advance to the House in Calcutta for more than £ 400,000
The partners of the House in London besides the joint concern

For Alexander £ 100,000
For Henry £ 200,000
For Fullerton £ 60,000
 £ 200,000

Or approximately one million altogether. But the overland account which was posted amounted only to £ 760,000.¹⁴² Revenshaw expressed his apprehension that they might have backed out in some way or the other.

¹³⁸ Ibid.

¹³⁹ Ibid.

¹⁴⁰ Ibid.

¹⁴¹ Ibid.

¹⁴² Ibid.

However, arrangements were made to pay off the first 5 per cent loan and portions of the second loan. The holders of these loans submitted to the lowering of interest and subscribed to the 4 per cent loan to the tune of approximately ten millions.¹⁴³ This rate of interest was obviously premature and to most likely to end in depreciation of the principal amount.¹⁴⁴ Therefore, many holders of such loan surrendered their property to the business houses. Consequently they became involved in the ruin of the houses.¹⁴⁵ The Government profited by the commercial crisis, opened a four per cent loan in 1834, so that the persons who earlier shrank from speculative investments, were enabled to have the benefit of state security.¹⁴⁶ And the 4 per cent rate of interest was not at all unremunerative. The effect of all such economic policies was to change a deficit into a surplus. Thus, a good margin for the Home Charges of the Government evolved out of such crisis.¹⁴⁷

143

James Mill, History of British India (ed. and contd. by H.H. Wilson), Vol. 9, Book III, P. 218.

144

Ibid.

145

Ibid.

146

H.G. Keene, History of India From the Earliest Times to The Twentieth Century, Vol. II, p. 126.

147

Ibid.

The much-sought-after relief was afforded to the finances of India by an actual reduction of both the principal amount and interest of the public debt.¹⁴⁸

The East India Company, which had acquired an empire in India, also draw their dividends and made their profits out of the revenues in this country. The Company ceased to be traders in 1834. Now, henceforth, the dividends on their stock were to be paid out of the taxes levied on the people under their rule.

The statistical account of gross revenue and the gross expenditures in the three Presidencies¹⁴⁹ bears witness to every change in the policy of the Government. Adherence to a policy of war and conquests or peace and retrenchment, has left its stamp on the finances of British India. The Company was in deepest pecuniary distress in the beginning of 1828. However, the policy of retrenchment and lowering of the land tax gave much relief to the people. The decrease in the collection of land revenue was duly compensated by the reduction in expenditures.

The total expenditure in 1828 amounted to £ 24 millions showing a deficit of over a million sterling but by 1835, the expenditures were reduced to £ 16 millions yielding a surplus of £ 4 millions.

148

James Mill, History of British India (ed. and contd. by H.H. Wilson), Vol. 9, Book III, p. 218. The public debt of India as computed on April 30, 1834 amount to £ 41,350,952. P. Banerjea, Provincial Finance in India (London, 1929), p. 217.

149

See Appendix 6.

But this surplus money was not saved in India nor allocated for intensive developmental works. It flowed as uninterrupted tribute to Britain to pay dividends to the shareholders. Paradoxically the flow of money from this country was not enough to pay the dividends, hence there always was increasing debt. This was called as Public debt of India. In 1828 the amount of Public debt was £ 30 million but it was gradually reduced and on April 30, 1836, it stood £ 26,947,000.¹⁵⁰

150 Annual Account of the Territorial Revenues and Disbursements of the East India Company cited in R. Dutt, Economic History of India under Early British Rule (London, 1906), p.409.

APPENDIX - 1

Sterling Value of the Principal Gold and Silver Coinage
of Calcutta and Bombay

	Gross weight Grs.	Pure metal Grs.	Sterling value £.S.d.
Calcutta	{ Gold Mohur 204.710	187.651	1 13 2½ 2.25
	{ Sicca Rupees 191.916	175.923	0 2 0½ 6.25
	{ Farrackabad 180.234	165.215	0 1 1½ 8.25
Bombay	{ Gold Mohur 179.0	164.68	1 9 0
	{ Silver Rupees 179.0	164.68	0 20
Madras	Rupee 180.0	165.0	

Source : R.M. Martin, History of the Possessions of the Honourable East India Company, Vol. II, p. 141.

APPENDIX - 2AGross Revenue

Items	Bengal Sa. Rups.	Madras Rupees	Bombay Rupees	Total in Sterling money £
1	2	3	4	5
Land tax	63588291	30519174	13394717	10750218
Custom, Town & transit duties	6527911	4853086	4044678	1380099
Salt Sale tax	19158084	3789438	202303	2314982
Opium Sale	12256637	-	2169063	1442570
Stamp duties	2466864	417863	398279	328300
Post office	634771	279020	121220	103501
Mint duties	426354	12870	165948	60518
Marine and Pilotage	282538	66259	110951	45974
Tobacco sale	-	630489	-	63048

Contd...

APPENDIX - 2A (contd..)

1	2	3	4	5
House tax (Mad. & Bomb.)	284256	110991	-	58631
Excise "	191067			
Judicial fees and fine	468777	139745	96168	70469
Toll on ferries	962424	-	-	96242
Sayer and abkaree	4153890	2022176	1471525	764759
Civil, miscellaneous	385006	7166	17872	41004
Revenue,"	1205735	183904	-	138963
Moturph or profession tax	-	1168308	-	116890
Ceded territory or Nerbuddah	2393478	-	-	239347
" by the Burmese	872660	-	-	87266
Nagpore subsidy	777437	-	-	77743
Nizam's and Rajpoot Tribute	789388	-	-	78938
Bhurtpore on account of war	248811	-	-	24881
Mysore, Travencore, & Cochin subsidies	-	3427769	-	342776
" from Cutch Govt.	-	-	133333	13332
Penang, Mal. & Singapore	375615	-	-	37561
Total in Rupees	118449994	47628276	22326057	18677952

Source : R.M. Martin, History of Possessions of Honourable East India Company, Vol. II, pp.113-114.

APPENDIX - 2BCharges (In India only)

Items	Bengal	Madras	Bombay	Total in sterling money
Collecting bud-tax and abkaree	8706175	4472283	2263095	1544155
" Customs	1144055	409721	254166	1800794
" Salt (including French & Denish supplies)	4887186	741604	-	562879
Opium	2790018	-	26537	281655
Stamp duties	474982	80306	154835	71012
Post office "	781156	259429	136660	117724
Mint "	280598	116687	129171	52645
Marine and pilot establishment	1376032	162302	1485711	302404
Tobacco "	-	233092	-	23093
Military charges	33500430	25275721	14246512	7302266
" building	813352	136570	191430	114135
Civil & Political establishments	7981801	2953754	3022058	1395761
Sudder, provincial and Zillah courts	7623026	2013448	1799595	1143606
Queen's supreme court & co.	793736	486278	449407	172942
Provincial police	2023773	651273	-	267504
Buildings, roads & c.	1135529	106407	248823	149075
Nerbuddah territory charges	741154	-	-	74115
Burmese ceded "	870523	-	-	87053
Penang, Mal. and Sincapore	612946	-	-	61294
Interest on debt	17825682	2015523	234941	2007614
Pensions, assign- ments and allowances	5706742	6310310	4697914	21671406
Total charges	100068876	46424708	29340855	17583132
Surplus revenues	18381118	1203568		
Deficient "			7014798	

Source : R.M. Martin, History of Possessions of Honourable East India Company, Vol. II, p.114.

APPENDIX - 3Direct Taxation

Land Revenue	£ 10,750,218
House tax	40,000
Tax on professions	116,830
Tolls on Ferries	96,242
Territories on Nerbudda	239,347
Burmese Cessions	87,266
Mysore, Travencore and Cochin	342,776
Nagpore subsidiary	77,743
Bhurtpore	24,881
Nizams and Rajpoot Tribute	78,938
Cutch subsidiary	13,332
Miscellaneous	17,996
	£ 11,885,560

Indirect Taxation

Salt sale and licences	& 2,314,982
Customs (sea and land)	1,380,099
Opium	1,442,570
Post office	103,501
Tobacco	63,048
Mint receipts	60,518
Stamps	328,300
Judicial fees and fines	70,469
Sager and Abkaree	764,759
Marine and Piloty	45,974
Excise (in Calcutta)	19,106
	£ 6,593,326

Source : R.M. Martin, History of Possessions of Honourable East India Company, Vol. II, p.112.

APPENDIX -4

Sketch Estimate of the Three Presidencies for 1829-30
 (In rupees)

	Receipts	Disbursement	Surplus	Deficit
Bengal	124,231,000	106,166,000	18,065,000	-
Madras	49,182,711	48,856,800	325,911	-
Bombay	23,199,200	33,102,000	-	9,902,800
Total	196,612,911	188,124,800	18,390,911	9,902,800
			9,902,800	
		NET SURPLUS	8,488,111	

Source : C.H. Philips, The Correspondence of Lord William Cavendish Bentinck, Vol. I, Letter No. 145, p. 299.

APPENDIX - 5

Net Import or Export of Treasure into and from the Three Parts of Cal.
Fort St. George and Bombay, in each year, from 1823-24 to 1832-33

Years	Company's Account			Private Account			TOTAL SR	
	BENGAL		MADRAS	BOMBAY	BENGAL			
	SR	SR	SR	SR	SR	SR		
1823-24	62,94,526*	51,38,476*	8,63,145*	1,11,96,147*	1,17,24,118	8,780	41,62,614	
1824-25	9,27,221*	17,82,029*	-	27,09,250*	87,19,973	7,70,637	49,90,620	
1825-26	1,57,968	45,69,399*	-	44,11,431*	1,01,13,299	9,02,214	1,44,81,230	
1826-27	42,61,976	10,51,084	-	53,13,060	69,11,320	1,06,731	92,88,098	
1827-28	18,81,822*	28,29,000*	-	47,10,912*	1,15,40,417	7,45,850	2,03,03,611	
1828-29	14,33,984	2,81,373*	-	11,52,611	33,61,349	1,37,351	79,83,172	
1829-30	7,92,747	40,50,834*	-	32,58,087	73,77,185	3,90,413*	1,50,01,223	
1830-31	4,93,322	-	-	4,93,322	22,13,790	11,900	2,29,11,882	
1831-32	73,89,815*	21,10,298	-	95,00,113*	5,19,823*	11,53,479*	44	
1832-33	12,82,940*	2,40,964*	-	15,23,904*	13,79,512*	15,10,079*	94,39,628	
						28,99,407	30,09,050	
						9,816	30,09,050	

Notes: The sums marked with an asterisk denote the net exports.

In this account, Madras and Bombay are converted into Sicca Rupees at the bullion rate of 106 to 100.

Source : R. Montgomery Martin, History of Possessions of the Honourable East India Company, Vol. II, London 1837, p. 366.

APPENDIX -6

	Land Rev. £	Gross Rev. £	Gross expen- diture £
<u>1827-28</u>			
Bengal	8,331,604	14,973,110	14,012,763
Madras	3,605,226	5,347,828	6,007,597
Bombay	1,817,873	2,542,325	4,033,477
TOTAL	<u>13,754,703</u>	<u>22,863,263</u>	<u>24,053,837</u>
<u>1828-29</u>			
Bengal	8,200,779	14,833,840	12,563,550
Madras	3,649,012	5,575,049	5,502,224
Bombay	1,722,335	2,331,802	3,652,786
TOTAL	<u>13,572,126</u>	<u>22,740,691</u>	<u>21,718,560</u>
<u>1829-30</u>			
Bengal	8,197,563	13,858,178	11,710,870
Madras	3,522,100	5,415,587	5,256,647
Bombay	1,585,432	2,421,443	3,600,841
TOTAL	<u>13,305,095</u>	<u>21,695,208</u>	<u>20,568,358</u>
<u>1830-31</u>			
Bengal	8,228,161	14,119,914	11,532,398
Madras	3,460,329	5,358,260	5,107,020
Bombay	1,650,061	2,541,136	3,594,472
TOTAL	<u>13,338,551</u>	<u>22,019,310</u>	<u>20,233,890</u>
<u>1831-32</u>			
Bengal	6,942,324	11,748,757	13,464,520
Madras	3,252,117	4,472,137	2,167,574
Bombay	1,395,891	2,096,343	1,416,079
TOTAL	<u>11,590,332</u>	<u>18,317,237</u>	<u>17,048,173</u>
<u>1832-33</u>			
Bengal	7,099,249	12,244,523	10,539,527
Madras	2,940,703	4,108,061	4,312,452
Bombay	1,441,986	2,125,340	2,662,741
TOTAL	<u>11,481,938</u>	<u>18,477,924</u>	<u>17,514,720</u>
<u>1833-34</u>			
Bengal	6,637,961	11,616,954	9,881,927
Madras	3,176,708	4,358,207	4,382,368
Bombay	1,629,580	2,292,207	2,660,037
TOTAL	<u>11,444,249</u>	<u>18,267,368</u>	<u>16,924,332</u>

Contd....

APPENDIX - 6 (contd...)

1834-35

Bengal	3,234,336	15,290,414	8,470,472
N.W. Provinces	4,018,344	4,899,274	1,494,027
Madras	3,256,855	4,480,025	4,128,753
Bombay	1,544,183	2,186,934	2,591,244
TOTAL	12,053,718	26,856,647	16,684,496

1835-36

Bengal	3,304,294	8,286,287	7,942,501
N.W. Provinces	4,217,981	4,838,133	1,640,478
Madras	3,297,602	4,599,261	3,839,758
Bombay	1,719,895	2,424,444	2,572,067
TOTAL	12,539,772	20,148,125	15,994,804

Source : R. Dutt, The Economic History of India under Early British Rule (6th edn. London), pp.404-405.

VKAAS